



THE SECO/WARWICK GROUP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1ST–SEPTEMBER 30TH 2016**



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INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1ST–SEPTEMBER 30TH 2016



THE SECO/WARWICK GROUP

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(PLN '000)

	For the period Jan 1–Sep 30 2016 (unaudited)	For the period Jul 1–Sep 30 2016 (unaudited)	For the period Jan 1–Sep 30 2015 (unaudited, restated)	For the period Jul 1–Sep 30 2015 (unaudited, restated)
Revenue from sale of finished goods	417,700	137,298	353,731	134,198
Revenue from sale of merchandise and materials	10,434	5,347	11,530	-2,289
Revenue	428,134	142,644	365,262	131,909
Finished goods sold	-325,672	-105,229	-265,945	-102,450
Merchandise and materials sold	-8,488	-4,827	-9,275	1,529
Cost of sales	-334,160	-110,056	-275,220	-100,921
Gross profit/(loss)	93,974	32,588	90,041	30,988
Other income	3,209	-446	2,902	328
Distribution costs	-24,772	-8,346	-24,753	-8,580
Administrative expenses	-42,493	-13,792	-43,688	-14,379
Other expenses	-5,816	-4,144	-3,883	-1,312
Operating profit/(loss)	24,102	5,860	20,620	7,044
Finance income	2,482	2,054	1,040	295
Finance costs	-8,049	-542	-5,740	-2,666
Share of net profit/(loss) of associates	-78	-18	-186	-34
Profit/(loss) before tax	18,457	7,354	15,734	4,639
Actual tax expense	-6,251	-2,119	-6,221	-2,384
Net profit/(loss) from continuing operations	12,206	5,235	9,513	2,255
Profit/(loss) from discontinued operations	-1,658	164	274	-330
Net profit/(loss)	10,548	5,400	9,788	1,925
Net profit/(loss) attributable to:				
owners of the Parent	10,652	5,459	9,673	1,510
non-controlling interests	-104	-59	115	415



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EARNINGS PER SHARE:

- basic earnings/(loss) per share attributable to owners of the parent	0.99	0.51	0.90	0.14
- diluted earnings/(loss) per share attributable to owners of the parent	0.99	0.51	0.90	0.14
- basic earnings/(loss) per share from profit on continuing operations, attributable to owners of the parent	1.14	0.49	0.89	0.21
- diluted earnings/(loss) per share from profit on continuing operations, attributable to owners of the parent	1.14	0.49	0.89	0.21

OTHER COMPREHENSIVE INCOME:

Items that will not be reclassified to profit or loss:

Actuarial gains/(losses) on a defined benefit retirement plan	-	-	1,199	6
Income tax on other comprehensive income	-	-	-420	-2

Items that may be reclassified to profit or loss:

Valuation of cash flow hedging derivatives	2,608	3,046	-1,668	10
Exchange differences on translating foreign operations	-1,056	-1,897	9,608	62
Income tax on other comprehensive income	-495	-579	317	-2
Total other comprehensive income, net	1,056	571	9,036	74
Total comprehensive income	11,604	5,970	18,824	1,999

Total comprehensive income attributable to

owners of the Parent	11,233	6,015	18,631	1,655
non-controlling interests	371	-45	193	344

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(PLN '000)

	Sep 30 2016	Dec 31 2015
	(unaudited)	(audited)
ASSETS		
Non-current assets		
Property, plant and equipment	105,989	106,302
Investment property	371	379
Goodwill	39,768	40,195
Intangible assets	20,296	22,078
Investments in associates	1,630	1,484
Non-current receivables	5,285	1,336
Other financial assets	7,605	8,056
Deferred tax assets	0	2,506
	180,946	182,335
Current assets		
Inventories	37,954	34,730
Trade receivables	119,120	85,460
Income tax assets	6,579	7,459
Other current receivables	32,209	23,645
Cash and cash equivalents	32,791	58,054
Other financial assets	1,928	928
Other non-financial assets	4,358	3,969
Contract settlement	81,596	97,969
	316,534	312,213
NON-CURRENT ASSETS HELD FOR SALE	-	-
TOTAL ASSETS	497,479	494,548

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (PLN '000)

	Sep 30 2016 (unaudited)	Dec 31 2015 (audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	3,704	3,704
Statutory reserve funds	182,429	190,271
Other components of equity	9,061	24,231
Hedging reserve	222	-1,891
Retained earnings/ accumulated loss	-9,758	-40,735
Equity attributable to owners of the parent	185,657	175,580
Non-controlling interests	28	450
	185,685	176,030
Non-current liabilities		
Borrowings	29,095	36,102
Other financial liabilities	2,052	3,107
Deferred tax liabilities	11,585	9,823
Provision for retirement and similar benefits	6,656	6,277
Other provisions	218	699
Deferred income	11,361	10,627
Other non-current liabilities	174	177
	61,141	66,810
Current liabilities		
Borrowings	41,824	33,218
Other financial liabilities	2,082	4,038
Trade payables	50,026	53,899
Income tax payable	98	417
Taxes, customs duties and social security payable	4,988	7,631
Other current liabilities	6,523	6,900
Provision for retirement and similar benefits	10,005	11,890
Other provisions	6,989	9,363
Deferred income	1,525	581
Contract settlement	126,592	123,773
	250,653	251,708
TOTAL EQUITY AND LIABILITIES	497,479	494,548

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (PLN '000)

	For the period Jan 1–Sep 30 2016 (unaudited)	For the period Jan 1–Sep 30 2015 (unaudited, restated)
OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	18,457	15,734
Profit/(loss) before tax from discontinued operations	-1,658	409
Profit/(loss) before tax	18,457	16,143
Total adjustments:	-27,754	32,263
Share of net profit of associates	35	186
Depreciation and amortisation	7,385	6,993
Foreign exchange gains/(losses)	214	976
Interest and profit distributions (dividends)	2,945	1,406
Gain/(loss) on investing activities	-852	-26
Balance-sheet valuation of derivative instruments	-749	430
Change in provisions	-3,814	-578
Change in inventories	-3,484	-3,360
Change in receivables	-48,417	-1,916
Change in current liabilities (other than financial liabilities)	-635	-9,817
Change in accruals, deferrals and contracts	18,810	35,830
Other adjustments	808	2,139
Income tax (paid)/refunded	-3,481	-7,464
Net cash flows from operating activities	-12,779	40,942
INVESTING ACTIVITIES		
Cash provided by investing activities	1,667	368
Proceeds from disposal of intangible assets and property, plant and equipment	255	252
Decrease in loans advanced	437	-
Other inflows from financial assets	976	116
Cash used in investing activities	11,254	16,080
Investments in intangible assets, property, plant and equipment, and investment property	11,254	11,379
Acquisition of related entities	-	4,701
Cash paid in connection with derivative instruments	-	-
Net cash flows from investing activities	-9,587	-15,712

**FINANCING ACTIVITIES**

Cash provided by investing activities	18,751	27,875
Net proceeds from issue of equity interests (shares) or other equity instruments and additional contributions to equity	71	-
Borrowings	18,680	27,875
Other cash provided by financing activities	-	-
Cash used in investing activities	20,980	35,309
Acquisition of own shares	-	26,845
Dividends and other distributions to owners	3,007	-
Repayment of borrowings and other debt instruments	14,487	6,263
Payment of finance lease liabilities	604	871
Interest paid	2,854	1,331
Other financial liabilities	28	-
Net cash flows from financing activities	-2,228	-7,434
Total net cash	-24,594	17,797
Net change in cash, including:	-27,305	18,013
- effect of exchange rate fluctuations on cash held	-55	216
Cash at beginning of period	57,436	57,436
Cash at end of period	32,842	64,476



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(PLN '000)

	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Exchange differences	Retained earnings/ accumulated loss	Equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
Equity as at Jan 1 2016	3,704	190,271	-1,891	24,231	21,388	-62,123	175,580	450	176,030
Correction of previous years' errors	-	-	-	-	-	30	30	-	30
Equity as at Jan 1 2016	3,704	190,271	-1,891	24,231	21,388	-62,093	175,610	450	176,059
Profit/(loss) for the period						10,652	10,652	-104	10,548
Other comprehensive income	-	-	2,112	-	-1,531	-	581	475	1,056
Total comprehensive income for the year			2,112		-1,531	10,652	11,233	371	11,604
Dividend	-	-	-	-	-	-3,007	-3,007	-	-3,007
Management stock options	-	-	-	436	-	-	436	-	436
Transfer of previous years' profit/loss to statutory reserve funds	-	-23,519	-	-	-	23,519	-	-	-
Transfer of capital reserve to statutory reserve funds	-	15,705	-	-15,705	-	-	-	-	-
Sale of shares	-	-29	-	100	-	-	71	-	71
Accounting for increase of control at SWA	-	-	-	-	-	1,314	1,314	-793	521
Equity as at Sep 30 2016 (unaudited)	3,704	182,429	222	9,061	19,857	-29,615	185,657	28	185,685



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(PLN '000)

	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Exchange differences	Retained earnings/accumulated loss	Equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
Equity as at Jan 1 2015	3,704	174,617	-255	46,733	9,893	12,238	246,929	2,376	249,305
Correction of previous years' errors	-	-	-	3,133	-740	-9,814	-7,421	-28	-7,450
Equity as at Jan 1 2015	3,704	174,617	-255	49,866	9,153	2,424	239,507	2,348	241,855
Profit/(loss) for the period	-	-	-	-	-	9,671	9,671	115	9,786
Other comprehensive income	-	-	-1,351	-	9,529	779	8,958	78	9,036
Total comprehensive income for the year	-	-	-1,351	-	9,529	10,451	18,629	193	18,822
Management stock options	-	-	-	1,597	-	-	1,597	-	1,597
Transfer of 2014 earnings	-	15,662	-	-	-	-15,662	-	-	-
Share buyback	-	-	-	-26,845	-	-	-26,845	-	-26,845
Equity as at Sep 30 2015 (unaudited)	3,704	190,279	-1,606	24,618	18,682	-2,787	232,889	2,541	235,430
Equity as at Jan 1 2015	3,704	174,617	-255	46,733	9,893	12,238	246,929	2,376	249,305
Correction of previous years' errors	-	-	-	3,133	-740	-9,814	-7,421	-28	-7,450
Equity as at Jan 1 2015	3,704	174,617	-255	49,866	9,153	2,424	239,507	2,348	241,855
Profit/(loss) for the period	-	-	-	-	-	-49,675	-49,675	-2,045	-51,720
Other comprehensive income	-	-	-1,635	-	12,235	783	11,383	147	11,530
Total comprehensive income for the year	-	-	-1,635	-	12,235	-48,892	-38,292	-1,898	-40,190
Management stock options	-	-	-	409	-	-	409	-	409
Transfer of retained earnings/deficit to statutory reserve funds	-	15,654	-	-	-	-15,654	-	-	-
Share buyback	-	-	-	-26,045	-	-	-26,045	-	-26,045
Equity as at Dec 31 2015 (audited)	3,704	190,271	-1,891	24,231	21,388	-62,123	175,580	450	176,030



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**INTERIM CONDENSED
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THE SECO/WARWICK GROUP

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2016

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

(PLN '000)

	For the period Jan 1–Sep 30 2016 (unaudited)	For the period Jul 1–Sep 30 2016 (unaudited)	For the period Jan 1–Sep 30 2015 (unaudited)	For the period Jul 1–Sep 30 2015 (unaudited)
Revenue from sale of finished goods	7,887	2,333	8,691	2,713
Revenue from sale of merchandise and materials	5	3	1	1
Revenue	7,892	2,336	8,692	2,714
Finished goods sold	-6,663	-1,975	-7,364	-1,948
Merchandise and materials sold	-4	-2	-1	-1
Cost of sales	-6,667	-1,977	-7,365	-1,950
Gross profit/(loss)	1,225	359	1,327	764
Other income	305	89	230	81
Distribution costs	-	-	-	-
Administrative expenses	-3,312	-1,565	-4,754	-1,984
Other expenses	-367	-21	-3,991	-688
Operating profit/(loss)	-2,148	-1,138	-7,188	-1,826
Finance income	21,454	4	25,278	46
Finance costs	-8,199	-583	-8,771	-355
Profit/(loss) before tax	11,107	-1,717	9,318	-2,135
Actual tax expense	64	-94	-612	-346
Net profit/(loss) from continuing operations	11,043	-1,623	8,706	-2,481
Profit/(loss) from discontinued operations	-	-	-	-
Net profit/(loss) for financial year	11,043	-1,623	8,706	-2,481



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OTHER COMPREHENSIVE INCOME:

Cash flow hedges	-	-	-	-
Income tax on other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	11,043	-1,623	8,706	-2,481
Earnings/(loss) per share (PLN):				
- basic and diluted from net profit/(loss)	1.03	-0.15	0.81	-0.23



INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
(PLN '000)

	Sep 30 2016 (unaudited)	Dec 31 2015 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,477	1,789
Intangible assets	9,997	10,686
Non-current receivables	4,049	
Investments in subsidiary, jointly-controlled and associated entities	119,481	113,759
Other financial assets	83	-
	135,087	126,235
Current assets		
Trade receivables	4,126	5,487
Other current receivables	8,611	11,113
Cash and cash equivalents	7,521	7,569
Other financial assets	371	4,529
Other non-financial assets	183	171
	20,812	28,868
NON-CURRENT ASSETS HELD FOR SALE	-	-
TOTAL ASSETS	155,899	155,103



INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

(PLN '000)

	Sep 30 2016 (unaudited)	Dec 31 2015 (audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	3,704	3,704
Statutory reserve funds	97,674	126,900
Capital reserves	100	15,705
Other components of equity	8,961	8,525
Retained earnings/ accumulated loss	11,043	-41,895
	121,482	112,940
Non-current liabilities		
Borrowings	17,605	24,215
Other financial liabilities	204	204
Deferred tax liabilities	469	409
Deferred income	3,559	3,818
	21,837	28,645
Current liabilities		
Borrowings	8,757	8,785
Other financial liabilities	130	270
Trade payables	432	583
Other current liabilities	849	870
Income tax payable	-	374
Provision for retirement and similar benefits	1,268	1,492
Other provisions	800	800
Deferred income	344	345
	12,580	13,519
TOTAL EQUITY AND LIABILITIES	155,899	155,103

INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS
 (PLN '000)

	For the period Jan 1–Sep 30 2016 (unaudited)	For the period Jan 1–Sep 30 2015 (unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax	11,107	9,318
Total adjustments:	-10,295	-13,809
Depreciation and amortisation	1,070	913
Foreign exchange gains/(losses)	10	1,107
Interest and profit distributions (dividends)	-20,624	-25,013
Gain/(loss) on investing activities	10,745	6,726
Change in provisions	-224	1
Change in inventories	-	-
Change in receivables	-1,266	4,997
Change in current liabilities (other than financial liabilities)	-172	-3,858
Change in accruals and deferrals	-271	-279
Other adjustments (management stock options)	436	1,597
Income tax (paid)/refunded	-379	-
Net cash flows from operating activities	432	-4,491
INVESTING ACTIVITIES		
Cash provided by investing activities	24,931	15,759
Proceeds from disposal of intangible assets and property, plant and equipment	125	119
Dividends and profit distributions received	22,413	15,640
Decrease in loans advanced	2,393	-
Cash used in investing activities	14,951	7,040
Investments in intangible assets, property, plant and equipment, and investment property	207	796
Acquisition of related entities	13,833	4,444
Increase in loans advanced	912	1,800
Net cash flows from investing activities	9,980	8,719
FINANCING ACTIVITIES		
Cash provided by investing activities	71	26,845
Net proceeds from issue of equity interests (shares) or other equity instruments and additional contributions to equity	71	-
Borrowings	-	26,845
Cash used in investing activities	10,520	30,295
Acquisition of own shares	-	26,845
Dividends and other distributions to owners	3,007	-
Repayment of borrowings and other debt instruments	6,631	3,183
Payment of finance lease liabilities	93	104



Interest paid	789	163
Net cash flows from financing activities	-10,448	-3,450
<hr/>		
Total net cash	-37	778
Net change in cash, including:	-47	850
- effect of exchange rate fluctuations on cash held	-10	73
Cash at beginning of period	7,565	9,515
Cash at end of period	7,528	10,293



INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
(PLN '000)

	Share capital	Statutory reserve funds	Capital reserves	Hedging reserve	Other components of equity	Retained earnings/ accumulated loss	Total equity
As at Jan 1 2016	3,704	126,900	15,705	-	8,525	-41,895	112,940
Profit/(loss) for period	-	-	-	-	-	11,043	11,043
Comprehensive income for period	-	-	-	-	-	11,043	11,043
Coverage of loss brought forward	-	-41,895	-	-	-	41,895	-
Dividend	-	-3,007	-	-	-	-	-3,007
Transfer of capital reserve to statutory reserve funds	-	15,705	-15,705	-	-	-	-
Sale of shares	-	-29	100	-	-	-	71
Management stock options	-	-	-	-	436	-	436
As at Sep 30 2016 (unaudited)	3,704	97,674	100	-	8,961	11,043	121,482
As at Jan 1 2015	3,704	136,322	41,750	-	4,983	-6,520	180,239
Correction of previous years' errors	-	-	-	-	3,133	-7,404	-4,271
As at Jan 1 2015	3,704	136,322	41,750	-	8,116	-13,924	175,968
Profit/(loss) for period	-	-	-	-	-	8,706	8,706
Comprehensive income for period	-	-	-	-	-	8,706	8,706
Coverage of loss brought forward	-	-9,422	-	-	-	9,422	-
Share buyback	-	-	-26,845	-	-	-	-26,845
Management stock options	-	-	-	-	1,597	-	1,597
As at Sep 30 2015 (unaudited)	3,704	126,900	14,905	-	9,713	4,204	159,426



INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
(PLN '000)

	Share capital	Statutory reserve funds	Capital reserves	Hedging reserve	Other components of equity	Retained earnings/ accumulated loss	Total equity
As at Jan 1 2015	3,704	136,322	41,750	-	4,983	-6,520	180,239
Correction of previous years' errors	-	-	-	-	3,133	-7,404	-4,271
As at Jan 1 2015	3,704	136,322	41,750	-	8,116	-13,924	175,968
Profit/(loss) for period	-	-	-	-	-	-37,394	-37,394
Comprehensive income for period	-	-	-	-	-	-37,394	-37,394
Coverage of loss brought forward	-	-9,422	-	-	-	9,422	-
Sale of shares	-	-	-26,045	-	-	-	-26,045
Management stock options	-	-	-	-	409	-	409
As at Dec 31 2015 (audited)	3,704	126,900	15,705	-	8,525	-41,895	112,940



**SUPPLEMENTARY INFORMATION
TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30TH 2016**

I. General information

The SECO/WARWICK Group

The parent of the SECO/WARWICK Group (“the SECO/WARWICK Group”, “the Group”) is SECO/WARWICK Spółka Akcyjna of Świebodzin (“the Company”). The Company was incorporated on January 2nd 2007 by virtue of the decision issued by District Court for Zielona Góra, 8th Commercial Division of the National Court Register, and entered in the Register of Entrepreneurs of the National Court Register under No. KRS 0000271014.

The SECO/WARWICK Group’s operations are divided into five core business segments corresponding to the product groups:

- vacuum furnaces (Vacuum),
- aluminium heat exchanger brazing systems (Controlled Atmosphere Brazing),
- aluminium heat treatment systems (Aluminium Process),
- atmosphere furnaces (Thermal), and
- equipment used for melting and vacuum casting of metals and specialty alloys (Melting).

SECO/WARWICK S.A. is the parent of the following companies:

- SECO/WARWICK EUROPE Sp. z o.o.,
- SECO/WARWICK Corporation,
- SECO/WARWICK Rus,
- Retech Systems LLC,
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.,
- SECO/WARWICK GmbH,
- SECO/WARWICK Germany GmbH,
- SECO/WARWICK Allied Pvt. Ltd. (Mumbai) India,
- SECO/WARWICK France,
- SECO/WARWICK Services Sp. z o.o.
- SECO/WARWICK of Delaware Inc,
- Retech Tianjin Holdings LLC.
- SECO WARWICK USA HOLDING LLC
- SECO VACUUM TECHNOLOGIES LLC.

SECO/WARWICK of Delaware Inc, Retech Tianjin Holdings LLC and SECO WARWICK USA HOLDING LLC are not consolidated as they are immaterial to the Group.

The Group has one associate:

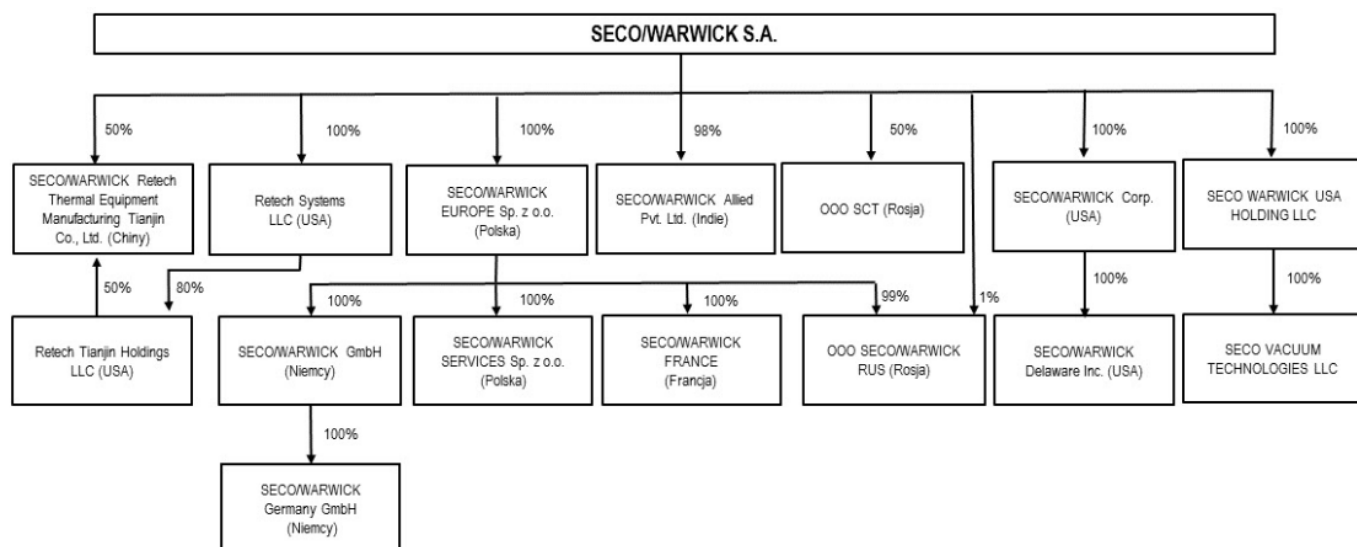
- OOO SCT (Solnechnogorsk) Russia, in which the Parent holds a 50% interest, conferring the right to 50% of the total vote at the General Meeting of the company.

Details of the companies listed above are provided in the table below.

Table: Structure of the SECO/WARWICK Group as at September 30th 2016:

Company	Registered office	Business profile	Method of consolidation / accounting for equity interest	Group's ownership interest
Parent				
SECO/WARWICK S.A.	Świebodzin	Holding company of the SECO/WARWICK Group. Holding equity interests and providing strategic management services	N.A.	N.A.
Direct and indirect subsidiaries				
SECO/WARWICK EUROPE Sp. z o.o.	Świebodzin	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK of Delaware, Inc.	Wilmington (USA)	Holding company; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	Full	100%
SECO/WARWICK Rus	Moscow (Russia)	Distribution of the SECO/WARWICK Group's products	Full	100%
Retech Systems LLC	Ukiah (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	Full	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	Manufacture of metal heat treatment equipment	Full	90%
Retech Tianjin Holdings LLC	(USA)	A holding company	Full	80%
SECO/WARWICK Allied Pvt. Ltd.	Mumbai (India)	Manufacture of metal heat treatment equipment	Full	98%
SECO/WARWICK GmbH	Bedburg-Hau (Germany)	Intermediation in the sale of furnaces and spare parts manufactured by SECO/WARWICK EUROPE Sp. z o.o., and provision of technical support to customers in Germany, Austria, the Netherlands, Switzerland, Liechtenstein and Slovenia	Full	100%
OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia	Equity	50%
SECO/WARWICK Germany GmbH	Bedburg-Hau (Germany)	Provision of metal heat treatment services in Germany	Full	100%
SECO/WARWICK France	Roissy-en-Brie (France)	Commercial and technical representation of SECO/WARWICK Europe in France, French-speaking countries and their neighbouring countries	Full	100%
SECO/WARWICK Services Sp. z o.o.	Świebodzin	Repair and maintenance services	Full	100%

SECO WARWICK USA HOLDING LLC	Wilmington (USA)	A holding company	Full	100%
SECO VACUUM TECHNOLOGIES LLC	Wilmington (USA)	Sale and distribution of vacuum furnaces	Full	100%

Organisation of the Group:

Composition of the SECO/WARWICK Group as at the date of issue of this Report

After September 30th 2016 and until the issue of these financial statements, there were no changes in the composition of the SECO/WARWICK Group.

II. Applied accounting policies, including methods of measurement of assets, equity and liabilities, income and expenses

These interim condensed consolidated financial statements have been prepared based on a historical cost approach, except with respect to financial derivatives, which are measured at fair value.

These financial statements are presented in the zloty ("PLN"), and unless specified otherwise, all amounts are given in thousands of PLN.

The accounting policies and calculation methods applied in the preparation of these financial statements are consistent with those applied in the most recent full-year financial statements.

Material judgements and estimates

Critical judgements made by the Management Board in applying the Company's accounting policies and key sources of estimation uncertainty are the same in these interim condensed consolidated financial statements as those presented in Section VII of the 2015 Consolidated Financial Statements.

Changes in accounting policies

The Group intends to adopt amendments to IFRS issued but not yet effective as at the date of issue of these interim condensed consolidated financial statements, as of their effective date. The impacts of these amendments and new standards on the Group's future consolidated financial statements are discussed in Section IX of the 2015 Consolidated Financial Statements.

III. Financial highlights

The table below presents average EUR/PLN exchange rates quoted by the National Bank of Poland for the periods covered by these financial statements and by the historical financial information:

Financial year	Sep 30 2016	Dec 31 2015	Sep 30 2015
Average exchange rate for the period*	4.3688	-	4.1585
Exchange rate effective for the last day of the period	4.3120	4.2615	-

*) arithmetic mean of the exchange rates effective for the last day of each month in the period.

Items of assets, equity and liabilities in the interim condensed statement of financial position have been translated using the EUR/PLN exchange rates quoted by the National Bank of Poland for the last day of the period.

Items of the interim condensed consolidated statement of comprehensive income and statement of cash flows have been translated using the exchange rates calculated as the arithmetic means of the EUR/PLN mid market rates quoted by the National Bank of Poland as effective for the last day of each month in the reporting period.

The table below presents key items of the interim condensed consolidated statement of financial position, statement of comprehensive income and statement of cash flows disclosed in the interim condensed consolidated financial statements and the comparative data, translated into the euro:

Key consolidated financial data

Key consolidated financial data	Q1–Q3 YTD Jan 1–Sep 30			
	2016	2015	2016	2015
	(PLN '000)		(EUR '000)	
Revenue	428,134	365,262	97,999	87,835
Cost of sales	-334,160	-275,220	-76,488	-66,183
Operating profit/(loss)	24,102	20,620	5,517	4,958
Profit/(loss) before tax	18,457	15,734	4,225	3,784
Net profit/(loss) attributable to owners of the parent	10,652	9,673	2,438	2,326
Net cash flows from operating activities	-12,779	40,942	-2,925	9,845
Net cash flows from investing activities	-9,587	-15,712	-2,194	-3,778
Net cash flows from financing activities	-2,228	-7,434	-510	-1,788
	Sep 30 2016	Dec 31 2015	Sep 30 2016	Dec 31 2015
Total assets	497,479	494,548	115,371	116,050
Total liabilities	311,794	318,519	72,308	74,743
including current liabilities	250,653	251,708	58,129	59,066
Equity	185,685	176,030	43,062	41,307
Share capital	3,704	3,704	859	869

The table below presents the key items of the interim condensed separate statement of financial position, statement of comprehensive income and statement of cash flows presented in these financial statements, together with the relevant comparative data, translated into the euro:

Separate financial highlights

Separate financial highlights	Q1–Q3 YTD Jan 1–Sep 30			
	2016	2015	2016	2015
	(PLN '000)		(EUR '000)	
Revenue	7,892	8,692	1,806	2,090
Cost of sales	-6,667	-7,365	-1,526	-1,771
Operating profit/(loss)	-2,148	-7,188	-492	-1,729
Profit/(loss) before tax	11,107	9,318	2,542	2,241
Net profit/(loss)	11,043	8,706	2,528	2,094
Net cash flows from operating activities	432	-4,491	99	-1,080
Net cash flows from investing activities	9,980	8,719	2,284	2,097
Net cash flows from financing activities	-10,448	-3,450	-2,392	-830
	Sep 30 2016	Dec 31 2015	Sep 30 2016	Dec 31 2015
Total assets	155,899	155,103	36,155	36,396
Total liabilities	34,417	42,164	7,982	9,894
including current liabilities	12,580	13,519	2,918	3,172
Equity	121,482	112,940	28,173	26,502
Share capital	3,704	3,704	859	869



NOTES TO THE
INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30TH 2016

Selected supplementary information

As provided for under IAS 18, revenue from sale of finished goods, merchandise, materials and services, net of VAT, discounts and rebates, is recognised when the entity has transferred to the buyer the significant risks and rewards incidental to their ownership.

To account for long-term contracts, the Group applies the provisions of IAS 11 Construction Contracts. When the outcome of a construction contract can be estimated reliably, the percentage of completion method is used. The percentage of completion is determined by reference to costs incurred to date in comparison with total contract costs determined in accordance with the Group's best estimate. The revenue as at the end of the reporting period is determined based on the percentage of completion of the contract, net of any revenue which affected the financial result in previous reporting periods. Estimated contract revenue attributable to the given reporting period is recognised as revenue from sale of finished goods for the period, and disclosed under assets in the statement of financial position as receivables under settlement of long-term contracts.

Sales revenue and total revenue and income of the Group:

Item	Jan 1–Sep 30 2016	Jan 1–Sep 30 2015
Sale of finished goods	417,700	353,731
Sales of merchandise and materials	10,434	11,530
TOTAL sales revenue	428,134	365,262
Other income	3,209	2,902
Finance income	2,482	1,040
TOTAL revenue and income	433,826	369,203



OPERATING SEGMENTS

For the period Jan 1–Sep 30 2016	Continuing operations							Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	CAB	Atmosphere Furnaces	Aluminium Process	Melting Furnaces	Aftersales	Total			
Total segment revenue	87,869	18,446	39,379	73,147	136,463	69,428	424,731	-	3,403	428,134
Sales to customers accounting for 10% or more of revenue	-	-	-	-	56,477	-	-	-	-	-
Total segment expenses	-64,609	-13,020	-32,937	-58,802	-115,852	-45,212	-330,433	-	-3,728	-334,160
Gross profit/(loss)	23,260	5,426	6,441	14,345	20,610	24,216	94,299	-	-325	93,974
Operating income									3,209	3,209
Distribution costs									-24,772	-24,772
Administrative expenses									-42,493	-42,493
Operating expenses									-5,816	-5,816
Segment profit/(loss) on operating activities										24,102
Finance income									2,482	2,482
Finance costs									-8,049	-8,049
Share in profit of associate									-78	-78
Profit before tax										18,457
Actual tax expense									-6,251	-6,251
Profit/(loss) from continuing operations										12,206
Profit/(loss) from discontinued operations									-1,658	-1,658
Profit/(loss) attributable to non-controlling interests									-104	-104
Net profit/(loss) attributable to owners of the parent										10,652



THE SECO/WARWICK GROUP

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2016

For the period Jan 1–Sep 30 2015	Continuing operations							Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	CAB	Atmosphere Furnaces	Aluminium Process	Melting Furnaces	After-sales	Total			
Total segment revenue	79,317	34,514	51,795	21,928	101,578	68,952	358,083	-	7,178	365,262
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-	-	-
Total segment expenses	-60,148	-25,330	-43,715	-17,468	-80,727	-43,819	-271,207	-	-4,013	-275,220
Gross profit/(loss)	19,168	9,184	8,080	4,460	20,851	25,133	86,876		3,165	90,041
Operating income									2,902	2,902
Distribution costs									-24,753	-24,753
Administrative expenses									-43,688	-43,688
Operating expenses									-3,883	-3,883
Segment profit/(loss) on operating activities										20,620
Finance income									1,040	1,040
Finance costs									-5,740	-5,740
Share in profit of associate									-186	-186
Profit before tax										15,734
Actual tax expense									-6,221	-6,221
Profit/(loss) from continuing operations										9,513
Profit/(loss) from discontinued operations									274	274
Profit/(loss) attributable to non-controlling interests									115	115
Net profit/(loss) attributable to owners of the parent										9,673



OTHER INCOME AND EXPENSES

OTHER INCOME	Jan 1–Sep 30 2016	Jan 1–Sep 30 2015
Reversal of provisions	-	543
Gain on disposal of property, plant and equipment	34	38
Compensation/damages received	213	135
Inventory settlement	47	-
Income from lease of tangible assets and investment property	1,412	1,170
Grant for development work	790	186
Other	712	828
Total other income	3,209	2,902

OTHER EXPENSES	Jan 1–Sep 30 2016	Jan 1–Sep 30 2015
Impairment losses on receivables	1,557	1,744
Loss on disposal of property, plant and equipment	53	50
Court expenses, compensation/damages, penalties	104	1
Cost of lease of tangible assets	997	791
Cost of discontinued production	-	42
Donations	332	287
Provision for compensation claims	50	-
Decommissioning of an item of property, plant and equipment	384	-
Revaluation of property, plant and equipment and intangible assets	628	-
Provisions	482	-
Other	1,229	967
Total other expenses	5,816	3,883

FINANCE INCOME AND COSTS

FINANCE INCOME	Jan 1–Sep 30 2016	Jan 1–Sep 30 2015
Interest income	335	965
Gain on derivative instruments	2,147	-
Other	-	76
Total finance income	2,482	1,041

FINANCE COSTS	Jan 1–Sep 30 2016	Jan 1–Sep 30 2015
Interest on bank loans	3,440	3,700
Loss on derivative instruments at maturity	3,171	715
Valuation of derivative instruments	-	430
Net foreign exchange losses	1,304	259
Other	134	637
Total finance costs	8,049	5,740

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st–September 30th 2016, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 11,254 thousand.

Item	Sep 30 2016	Dec 31 2015
Tangible assets	97,789	96,104
Tangible assets under construction	8,200	10,197
Property, plant and equipment	105,989	106,302

IMPAIRMENT LOSSES ON ASSETS

Impairment losses	Sep 30 2016	Dec 31 2015	Sep 30 2015
Trade receivables	20,558	19,478	10,213
Goodwill	44,946	61,433	25,565
Inventories	2,414	2,447	2,059
Tangible assets	1,495	890	-
Total impairment losses	69,413	84,248	37,837

DIVIDENDS PROPOSED OR DECLARED BY WAY OF RESOLUTION BY THE DATE OF APPROVAL OF THESE FINANCIAL STATEMENTS

On June 24th 2016, On June 24th 2016, the Annual General Meeting of SECO/WARWICK S.A. passed Resolution No. 22 approving payment of PLN 3,005,776.74 (three million, five thousand, seven hundred and seventy-six zloty, 74/100) as dividend for 2015. Dividend per share would be PLN 0.31. The dividend record date and the dividend payment date was July 4th 2016 and July 18th 2016, respectively.

CAPITAL COMMITMENTS

As at September 30th 2016, the SECO/WARWICK Group had capital commitments related to property, plant and equipment of PLN 346 thousand. The funds were allocated for the purchase of new plant and equipment.

DISCONTINUED OPERATIONS

In connection with the sale of SECO/WARWICK do Brasil Indústria de Fornos LTDA. of Jundai (Brazil), profit/(loss) from discontinued operations was recognised as a separate item in the statement of comprehensive income. In Q3 2016, this item comprises accounting for the sale (PLN -370 thousand) and the sold company's net profit/(loss) generated by the date of accounting (PLN -1,288 thousand). In Q3 2015, PLN 274 thousand represents only the net profit of SECO/WARWICK do Brasil.

PRESENTATION ADJUSTMENTS

The recognition of profit/(loss) from discontinued operations as a separate item necessitated the following presentation adjustments:

	For the period Jan 1–Sep 30 2015 After adjustment	For the period Jan 1–Sep 30 2015 Before adjustment
Revenue from sale of finished goods	353,731	361,837
Revenue from sale of merchandise and materials	11,530	11,530
Revenue	365,262	373,368
Finished goods sold	-265,945	-269,141
Merchandise and materials sold	-9,275	-9,275

Cost of sales	-275,220	-278,417
Gross profit/(loss)	90,041	94,951
Other income	2,902	3,580
Distribution costs	-24,753	-24,775
Administrative expenses	-43,688	-48,764
Other expenses	-3,883	-4,086
Operating profit/(loss)	20,620	20,907
Finance income	1,040	1,652
Finance costs	-5,740	-6,228
Share of net profit/(loss) of associates	-186	-186
Profit/(loss) before tax	15,734	16,145
Actual tax expense	-6,221	-6,357
Net profit/(loss) from continuing operations	9,513	9,788
Profit/(loss) from discontinued operations	274	
Net profit/(loss)	9,788	9,788
Net profit/(loss) attributable to:		
owners of the Parent	9,673	9,673
non-controlling interests	115	115

OFF-BALANCE SHEET CONSOLIDATED ITEMS

Contingent liabilities

Contingent liabilities under guarantees and sureties issued amounted to PLN 68,142 thousand as at September 30th 2016 and to PLN 75,507 thousand as at the end of 2015. The guarantees were issued in respect of:

- APG → advance payment guarantee
- BB → bid bond
- CRG → credit repayment guarantee
- PBG → performance bond guarantee
- SBLC → stand-by letter of credit
- WAD → bid bond guarantee
- CRB → credit repayment bond

RESTRUCTURING PROVISIONS

In the period from January 1st to September 30th 2016, the SECO/WARWICK Group did not recognise any provisions for restructuring costs.

SETTLEMENTS RELATED TO COURT CASES

Seco/Warwick Corporation (SWC), a subsidiary of the Issuer, with its registered office in Pennsylvania, USA, along with a third party not associated with the Issuer ("Third Party"), are parties to a court dispute with Liberty Mutual Insurance (LMI), in which they claim from LMI additional insurance limits for continued product liability insurance coverage under insurance policies issued to the Third Party in 1980-1986. SWC and the Third Party are seeking coverage for the claims being raised against SWC and the Third Party in connection with product liability personal injury lawsuits filed by individuals alleging injury from asbestos as a result of their exposure to the Third Party's products manufactured by legal predecessors of SWC and the Third Party in 1958-1984 (the Asbestos Claims). SWC was not established until 1984, and was not a part of the Issuer's Group until 2006.

To the best of the Issuer's knowledge, by the date of this Report 560 Asbestos Claims were filed against SWC, of which 189 were dismissed, 38 ended in settlements with LMI and other insurers for the total amount of USD 3m, and 333 Claims are being verified or negotiated to agree upon the terms of potential settlements with injured parties.

Consistency of the accounting policies and computation methods applied in the preparation of the interim report for Q3 2016

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union, and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (consolidated text: Dz.U. of 2014, item 133) (the "Regulation").

Seasonality and cyclicity of business

The SECO/WARWICK Group's business is not exposed to any significant seasonal or cyclical fluctuations.

Types and amounts of items affecting the assets, equity and liabilities, capital, net profit/loss or cash flows, which are extraordinary due to their type, size or effect

In the business of SECO/WARWICK S.A. and its Group, there are no material types or amounts of items that would affect assets, equity and liabilities, share capital, net profit/(loss) or cash flows and that would be unusual due to their type, size or effect.

Types and amounts of changes in estimates disclosed in previous interim periods of the financial year 2016 or changes in estimates disclosed in previous financial years if they have a material bearing on Q3 2016.

In the business of SECO/WARWICK S.A. and the SECO/WARWICK Group, there were no changes in estimates disclosed in the previous interim periods of 2016 or the previous financial years that would, due to their type or amount, have a material bearing on the Company's or the Group's results for Q3 2016.

Issue, redemption and repayment of debt and equity securities

No such events occurred.

Earnings per share

Item	Sep 30 2016	Sep 30 2015
Net profit from continuing operations attributable to shareholders	12,206	9,513
Profit(loss) from discontinued operations attributable to shareholders	-1,658	274
Net profit attributable to owners of the parent	10,652	9,673
Interest on redeemable preference shares convertible into ordinary shares	-	-
Net profit attributable to holders of ordinary shares, used to calculate diluted earnings per share	10,652	9,673
Weighted average number of outstanding ordinary shares, used to calculate basic earnings per share	10,737,837	10,737,837
Earnings per share	0.99	0.90
Dilutive effect:		
Number of potential subscription warrants	-	-
Number of potential shares issued at market price	-	-
Adjusted weighted average number of ordinary shares, used to calculate diluted earnings per share	-	-
Diluted earnings per share	0.99	0.90

Material events subsequent to the end of Q3 2016, not disclosed in the financial statements for Q3 2016 but potentially having a material bearing on future performance of the SECO/WARWICK Group

In Current Report No. 26/2016, the Management Board of SECO/WARWICK S.A. announced that a decision concerning the intention to merge the Company with its subsidiary SECO/WARWICK EUROPE sp. z o.o. ("SW EUROPE") of Świebodzin was made and that both companies agreed upon and executed a Merger Plan on October 31st 2016.

Pursuant to the Merger Plan approved by the companies, the merger will be effected through an acquisition under Art. 492.1.1 of the Commercial Companies Code, i.e. through transfer of all assets of SW EUROPE (the Target Company) to SW S.A. (the Acquiring Company) by way of universal succession. Upon the merger, SW S.A. will assume all the rights and obligations of the Target Company, which will be dissolved without liquidation proceedings on the date of its deletion from the register.

The planned merger will be effected as part of the SECO/WARWICK Group's modified growth strategy for 2017–2021, approved on October 31st 2016. The Management Board announced the decision not to pursue the financial objectives presented in 2012 (Current Report No. 28/2012 of October 23rd 2012) and updated in 2014 (Current Report No. 15/2014 of April 29th 2014). The period covered by the strategy has been changed to 2017–2021 and the strategy has been modified mainly where it refers to the Group's structure and organisation. The plan to pay 50% or more of the profits as dividend was maintained.

The following measures are envisaged to implement the modified strategy for 2017–2021:

- Merger of SW S.A. and SW EUROPE covering their production and distribution activities, organisation, management and legal status;
- Adapting the subsidiaries' structure and costs to the current sales capabilities;
- Implementation of a new approach to regional management at the Group, with three areas (Europe, Asia & Pacific and the Americas) distinguished for the purposes of business supervision:
- Continued development of structures, sale and servicing competencies and after-sales services at the subsidiaries;
- Implementing an integrated management support system (ERP);
- Standardising a part of the offering in terms of products, technologies and processes.

Other supplementary information**1. Material achievements and failures of SECO/WARWICK S.A. and the Group in Q3 2016.**

In Q3 2016, sales rose 8.1% on Q3 2015, to PLN 142.6m. The highest increases were recorded in the segments: Aluminium Process (+104%, especially at SECO/WARWICK Europe and SECO/WARWICK Corp.), Atmosphere Furnaces (+34%), and Vacuum Furnaces (+32%). In Q3 2016, also the CAB Furnaces segment saw higher revenue (+15% year on year). Lower revenue was recorded by the Aftersales (-7%) and Melting Furnaces (-24%) segments. In 2016, the Aluminium Process segment has been recording a strong year-on-year growth, with sales over three times higher than in the same period of 2015.

In Q3 2016, the Group companies secured contracts with an aggregate value of PLN 169m. The shares of the Aluminium Process, Vacuum Furnaces and Melting Furnaces segments in secured contracts are 25%, 22% and 20%, respectively. In Q3 2015, the value of secured contracts was PLN 137m. The order book rose by 6%, from 392 at the end of Q3 2015 to 415 at the end of Q3 2016.

In Q3 2016, the Group recorded an average gross margin of 22.8%, slightly lower than in Q3 2015 (23.5%), mainly due to a drop in the margin achieved by the Melting Furnaces segment (15.9% vs. 17.3% in Q3 2015). The decrease was partially offset by higher margins generated by the Vacuum Furnaces (25.5% vs. 19.4% in Q3 2015) and CAB Furnaces (24.6% vs. 23.2% in Q3 2015) segments. Distribution costs and administrative expenses went down by 4% (PLN 22.1m in Q3 2016 compared with PLN 23.0m a year earlier).

The Management Board is not aware of any material failures at the Parent or any of its direct or indirect subsidiaries occurring in the reporting period or before the issue date of this report (November 14th 2016).

2. Factors and events, especially of a non-recurring nature, with a material bearing on the financial performance in Q3 2016

In the SECO/WARWICK Group's business there were no factors or events, especially of a non-recurring nature, that would have a material bearing on its financial performance in Q3 2016.

3. Changes in the Group structure, including changes resulting from merger, acquisition or loss of control of subsidiaries and long-term investments, division, restructuring, and discontinued operations.

On March 31st 2016, in Current Report No. 6/2016, the Management Board of SECO/WARWICK S.A. announced that on March 30th 2016 the Company acquired 1,550,000 shares in SECO/WARWICK Allied Private Limited of Maharashtra, India, for INR 155,000,000 (PLN 8,767,265 translated at the mid-exchange rate quoted by the National Bank of Poland for March 30th 2016) in connection with a share capital increase and new share issue carried out by SWAPL. Following the acquisition of the 1,550,000 shares, the Company will hold a total of 1,632,014 shares, representing 98.4% of the SWAPL's share capital and carrying 98.4% of total voting rights at its General Meeting.

On July 12th 2016, SECO WARWICK USA HOLDING LLC of Wilmington (USA), in which SECO/WARWICK S.A. holds 100% of shares, was registered. The company is a holding company.

On July 12th 2016, SECO VACUUM TECHNOLOGIES LLC of Wilmington (USA), in which SECO VACUUM TECHNOLOGIES LLC holds 100% of shares, was registered. The company is involved in sale and distribution of vacuum furnaces.

On July 14th 2016, a conditional agreement for the sale of shares in SECO/WARWICK do Brasil Indústria de Fornos Ltda. of Jundai (Brasil) was signed. The company was sold upon the fulfilment of all conditions, that is on September 1st 2016.

In Q3 2016, there were no other changes in the SECO/WARWICK Group's structure which would include mergers, acquisitions or disposals of Group entities, long-term investments, demergers, restructuring or discontinuation of operations.

4. Management Board's position on the feasibility of meeting any previously published forecasts for 2016 in light of the results presented in the Q3 2016 report

The SECO/WARWICK Management Board did not publish any forecasts for 2016 concerning the Company's or the Group's financial performance.

5. Shareholders holding, directly or indirectly, 5% of the total vote at the General Meeting as at the publication date of this report, including information on any changes subsequent to the release of the previous interim report (2016 half-year report)

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total votes at the General Meeting as at the issue date of the previous report, i.e. September 9th 2016

Shareholder	Number of shares	Ownership interest (%)	Number of votes	% of total vote at General Meeting
SW Holding	3,387,139	31.54%	3,387,139	31.54%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.46%	1,123,337	10.46%
SECO/WARWICK S.A. ⁽¹⁾	1,037,783	9.66%	1,037,783	9.66%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	904,794	8.43%	904,794	8.43%
Bleauhard Holdings LLC	637,028	5.93%	637,028	5.93%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.59%	600,000	5.59%
Metlife OFE	577,470	5.38%	577,470	5.38%

The data presented in the table is based on notifications received from the shareholders.

⁽¹⁾ treasury shares; the Company does not exercise voting rights in respect of its treasury shares

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Meeting as at the date of issue of this report, i.e. November 14th 2016

Shareholder	Number of shares	Ownership interest (%)	Number of votes	% of total vote at General Meeting
SW Holding	3,387,139	32.89%	3,387,139	32.89%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.91%	1,123,337	10.91%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1,046,573	10.16%	1,046,573	10.16%
Bleauhard Holdings LLC	637,028	6.19%	637,028	6.19%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.83%	600,000	5.83%
SECO/WARWICK S.A. ⁽¹⁾	598,500	5.81%	598,500	5.81%
Metlife OFE	577,470	5.61%	577,470	5.61%

The data presented in the table is based on notifications received from the shareholders.

⁽¹⁾ treasury shares; the Company does not exercise voting rights in respect of its treasury shares

In Current Report No. 25/2016, the Management Board of SECO/WARWICK S.A. announced that on October 28th 2016 the District Court in Zielona Góra, 8th Commercial Division of the National Court Register, entered in the National Court Register the changes introduced by Resolution No. 26 of the Company's Annual General Meeting held on June 24th 2016 (Notarial Deed Rep. A No. 4128/2016) to cancel treasury shares, reduce the Company's share capital, and amend the Company's Articles of Association. The cancellation concerned 439,283 (four hundred and thirty-nine thousand, two hundred and eighty-three) Company bearer shares with a par value of PLN 0.20 per share. The Company had acquired the Shares under and in the performance of Resolution No. 5 of the Extraordinary General Meeting of October 30th 2014. Following the registration of the share capital reduction and share cancellation, the Company's share capital amounts to PLN 2,059,710.80 and is divided into 10,298,554 (ten million, two hundred and ninety-eight thousand, five hundred and fifty-four) shares with a par value of PLN 0.20 per share. The total number of votes at the Company's General Meeting is 10,298,554.

As a consequence, the percentage shares of major holdings of Company shares in the share capital and total voting rights at the General Meeting have changed.

6. SECO/WARWICK S.A. shares held by members of the Management Board and Supervisory Board as at the date of issue of this report, including information on any changes subsequent to the issue date of the previous interim report (2016 half-year report).

Members of the Management Board and Supervisory Board of SECO/WARWICK S.A. do not hold any shares in related entities.

	Sep 9 2016			Decrease/increase	Nov 14 2016			Total par value of shares (PLN)
	Number of S/W shares held	Ownership interest	% of total vote		Number of S/W shares held	Ownership interest	% of total vote	
Management Board								
Paweł Wyrzykowski	254,558	2.37%	2.37%	-	254,558	2.47%	2.47%	50,912
Jarosław Talerzak	29,558	0.28%	0.28%	-	29,558	0.29%	0.29%	5,912
Wojciech Peret	4,000	0.04%	0.04%	-	4,000	0.04%	0.04%	800
Supervisory Board								
Mr Andrzej Zawistowski	65,000	0.61%	0.61%	-	65,000	0.63%	0.63%	13,000
Jeffrey Boswell	9,776	0.09%	0.09%	-	9,776	0.09%	0.09%	1,955
Henryk Pilarski	10	0.0001%	0.0001%	-	10	0.0001%	0.0001%	2
James A. Goltz	-	-	-	-	-	-	-	-



Marcin Murawski	-	-	-	-	-	-	-	-
Pawel Tamborski	-	-	-	-	-	-	-	-
Commercial proxy								
Piotr Walasek	19,335	0.18%	0.18%	-	19,335	0.19%	0.19%	3,867
Total	382,237	3.56%	3.56%	-	382,237	3.71%	3.71%	76,447

In the reporting period, members of SECO/WARWICK S.A.'s Management and Supervisory Boards did not enter into any transactions that would involve their holdings of Company shares.

As a result of cancellation of treasury shares and registration of share capital reduction, the percentage shares of these holdings in the share capital and total voting rights at the General Meeting have changed.

7. Material court, arbitration and administrative proceedings.

In Q3 2016, neither the Company nor any other SECO/WARWICK Group company was party to any proceedings whose value (whether jointly or individually) would exceed 10% of the Company's equity.

7a. Other material proceedings

Seco/Warwick Corporation (SWC), a subsidiary of the Issuer, with its registered office in Pennsylvania, USA, along with a third party not associated with the Issuer ("Third Party"), are parties to a court dispute with Liberty Mutual Insurance (LMI), in which they claim from LMI additional insurance limits for continued product liability insurance coverage under insurance policies issued to the Third Party in 1980-1986. SWC and the Third Party are seeking coverage for the claims being raised against SWC and the Third Party in connection with product liability personal injury lawsuits filed by individuals alleging injury from asbestos as a result of their exposure to the Third Party's products manufactured by legal predecessors of SWC and the Third Party in 1958-1984 (the Asbestos Claims). SWC was not established until 1984, and was not a part of the Issuer's Group until 2006.

To the best of the Issuer's knowledge, by the date of this Report 560 Asbestos Claims were filed against SWC, of which 189 were dismissed, 38 ended in settlements with LMI and other insurers for the total amount of USD 3m, and 333 Claims are being verified or negotiated to agree upon the terms of potential settlements with injured parties.

For further information, see Note 41 to the consolidated financial statements for the period ended December 31st 2015.

8. Transaction or a series of transactions concluded by the Company or its subsidiaries with related parties where the value of such transaction or all such transactions jointly is material and the transactions were not concluded at arm's length.

In Q3 2016, SECO/WARWICK S.A. and its subsidiaries did not enter into any material transactions with related parties other than routine transactions executed on arm's length terms.

9. Sureties for bank borrowings or guarantees issued by SECO/WARWICK S.A. or its subsidiaries, jointly to one entity or its subsidiary, where the total outstanding amount of such sureties or guarantees exceeds 10% of SECO/WARWICK S.A.'s equity

In Q3 2016, neither SECO/WARWICK S.A. nor any of its subsidiaries provided any sureties for bank borrowings, loans or guarantees exceeding 10% of the Company's equity.

10. Other information which in the Company's opinion is material for the assessment of its personnel, assets, financial standing and financial result or changes therein, or for the assessment of its ability to fulfil obligations

In Q3 2016, no events occurred in the SECO/WARWICK Group's business which in the Company's opinion would be material for the assessment of its personnel, assets, financial standing and financial result or changes therein, or for the assessment of the Group's ability to fulfil its obligations

As at the date of issue of this report, the Company's and the Group's business was stable. The Group and the Company pay all their liabilities when due.

11. Factors which in the Group’s opinion will affect its results in the next quarter or in a longer term

11.1. SECO/WARWICK S.A. Incentive Scheme

With a view to providing additional incentives to the Company’s management staff to continue work on the development and consolidation of the SECO/WARWICK Group, and to further increase the value of SECO/WARWICK shares, on April 23rd 2015 the Supervisory Board approved the key objectives of the 2016–2018 Incentive Scheme for members of the SECO/WARWICK Group’s management staff (the “2016–2018 Incentive Scheme”).

- The Incentive Scheme is effective for 2016, 2017 and 2018,
- and covers 995,750 Company shares which may be distributed to Eligible Persons.
- Scheme Participants include key members of the Group’s management staff who are identified as Scheme Participants in the relevant resolution of the Supervisory Board, and in the period between February 1st 2015 and August 15th 2015 acquire with their own funds, in their own name and for their own account no less than 4,000 and no more than 11,500 Company shares. In the case of the President of the Management Board of SECO/WARWICK SA, the number of shares to be acquired is 100,000. In the case of the President of the Management Board of SECOWARWICK Europe, the largest company of the Group, the number of shares to be acquired is 35,000. The price per share is PLN 25.
- The number of acquired shares and the 3.5 multiple defines the number of potential options which may be granted under the Scheme subject to fulfilment of the conditions specified below.
- Shares for a participant’s own account must be acquired no later than on August 15th 2015,
- and may not be sold before June 30th 2022.
- The persons specified in the Supervisory Board’s resolution are to declare their intention to participate in the Incentive Scheme by August 31st 2015.
- Participants of the scheme will be assigned individual objectives and a joint objective, the achievement of which is a precondition for a Scheme Participant to become eligible for benefits under the Scheme.
- Achievement of individual objectives is a pre-condition for acquiring rights to 15% of the options in each of the years 2016, 2017 and 2018.
- Achievement of the joint objective is a pre-condition for acquiring rights to 55% of the options in 2016, 2017 and 2018.
- Achievement of the Individual Objectives will be revised on the basis of the Company’s audited financial information.
- Achievement of the Individual Objectives will be verified by the Audit Committee by April 30th of each consecutive financial year for the previous financial year.
- Achievement of the Joint Objective will be verified on the basis of the Company’s audited financial information for all the financial years between 2016 and 2018.
- Achievement of the Joint Objective will be verified by the Audit Committee by April 30th 2019.
- If a Scheme Participant achieves the Individual Objectives or the Joint Objective, such participant will become eligible to acquire Company Shares in the number and on the terms and conditions specified in the Scheme Rules, and to obtain a Capital Bonus (the “Option”).
- Options will vest in accordance with the provisions of agreements to be entered into between the Company and the individual Scheme Participants (the “Option Agreement”).
- Rights under Options may not be transferred or encumbered. Such rights are attached to a Scheme Participant and expire upon his/her death.
- An Option entitles a Scheme Participant to purchase Shares at nominal price, in the number specified in the Option Agreement.
- An Option also entitles a Scheme Participant to receive from the Company annual payments whose amount will depend on the amount of dividend paid by the Company for a preceding financial year (the “Capital Bonus”).
- The Capital Bonus for a given financial year will be calculated by July 31st of a given financial year, on the basis of a resolution on distribution of the Company’s profit and the Company’s audited financial information for the previous financial year, based on the following formula:

$$PK_t = \frac{Div_t}{LA} \times LAUP$$

where:

PK _t	–	the Capital Bonus to be paid in a given financial year,
Div _t	–	the amount of dividend to be paid in a given financial year,
LA	–	the total number of Company shares participating in dividend payment,

LAUP– the number of Company shares that a Scheme Participant is entitled to acquire in the exercise of an Option; Shares already delivered to a Scheme Participant are not taken into account in this calculation;

- The right to obtain the Capital Bonus expires on or before the last Distribution Date.
- Date of settlement of the acquisition by a Scheme Participant of Company Shares in the exercise of an Option (Distribution Date)
 - in the case of Scheme Participants other than the President of the Management Board, the Distribution Date will be: June 30th 2020 – in respect of 33% of Shares receivable by a Scheme Participant, June 30th 2021 – in respect of another 33% of Shares receivable by a Scheme Participant, and June 30th 2022 – in respect of the remaining 33% of Shares receivable by a Scheme Participant;
 - in the case of the Management Board President, the Distribution Date will be August 31st 2019 in respect of all Shares receivable by him.

The Supervisory Board determined the Individual Objectives and the Joint Objective for the Incentive Scheme Participants, the achievement of which is a precondition for a Scheme Participant to become eligible for benefits under the Scheme for the financial year 2016. The Objectives cover financial and operating ratios of the individual subsidiaries, the organisational units related to particular technologies, or the entire Group, depending on the position of a Scheme Participant. For the entire Group, the Individual Objective for the President of the Management Board, Chief Financial Officer and Chief Operating Officer at SECO/WARWICK S.A., the Parent, is the consolidated net profit of the Group. For 2016, the Objective is set at PLN 18m.

11.2 Adoption of decision concerning intention to merge SECO/WARWICK SPÓŁKA AKCYJNA with subsidiary and execution of Merger Plan as part of modified growth strategy

In Current Report No. 26/2016, the Management Board of SECO/WARWICK S.A. announced that a decision concerning the intention to merge the Company with its subsidiary SECO/WARWICK EUROPE sp. z o.o. (“SW EUROPE”) of Świebodzin was made and that both companies agreed upon and executed a Merger Plan on October 31st 2016.

Pursuant to the Merger Plan approved by the companies, the merger will be effected through an acquisition under Art. 492.1.1 of the Commercial Companies Code, i.e. through transfer of all assets of SW EUROPE (the Target Company) to SW S.A. (the Acquiring Company) by way of universal succession. Upon the merger, SW S.A. will assume all the rights and obligations of the Target Company, which will be dissolved without liquidation proceedings on the date of its deletion from the register.

The planned merger will be effected as part of the SECO/WARWICK Group’s modified growth strategy for 2017–2021, approved on October 31st 2016. The Management Board announced the decision not to pursue the financial objectives presented in 2012 (Current Report No. 28/2012 of October 23rd 2012) and updated in 2014 (Current Report No. 15/2014 of April 29th 2014). The period covered by the strategy has been changed to 2017–2021 and the strategy has been modified mainly where it refers to the Group’s structure and organisation. The plan to pay 50% or more of the profits as dividend was maintained.

The following measures are envisaged to implement the modified strategy for 2017–2021:

- Merger of SW S.A. and SW EUROPE covering their production and distribution activities, organisation, management and legal status;
- Adapting the subsidiaries’ structure and costs to the current sales capabilities;
- Implementation of a new approach to regional management at the Group, with three areas (Europe, Asia & Pacific and the Americas) distinguished for the purposes of business supervision;
- Continued development of structures, sale and servicing competencies and after-sales services at the subsidiaries;
- Implementing an integrated management support system (ERP);
- Standardising a part of the offering in terms of products, technologies and processes.